

Message Text

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ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EA-11 EUR-25 NEA-11 RSC-01 ISO-00

AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-02 H-03

INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-04 AID-20

CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

SPC-03 FEA-02 OMB-01 IO-14 DRC-01 OIC-04 /247 W

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P 291540Z JAN 74

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TO SECSTATE WASHDC PRIORITY 3668

INFO AMEMBASSY TOKYO

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E. O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: GATT COUNCIL DISCUSSION OF TEXTILES

REF: STATE 16722

BEGIN SUMMARY: GATT COUNCIL JANUARY 28 ADOPTED REPORT
OF TEXTILES NEGOTIATING GROUP. END SUMMARY

1. IN JANUARY 28 MEETING OF GATT COUNCIL, DIRGEN LONG
AS CHAIRMAN OF TEXTILES NEGOTIATIONS COMMITTEE, DREW COUNCIL'S
ATTENTION TO SEVERAL UNDERSTANDINGS AND INTERPRETATIONS AFFECTING
COMMITTEE'S REPORT (L/3981). ALL OF THESE HAD BEEN STATED DURING
THE NEGOTIATIONS. HE STATED (A) ARGENTINA AND URUGUAY NOT IN
AGREEMENT WITH INCLUSION OF "TOPS" IN ARTICLE 12. (B) RE PARA 5,
ANNEX B, HE SAID A LOWER PERCENTAGE WAS REFERRED TO IN THIS
PARAGRAPH, BUT IT WAS UNDERSTOOD GENERALLY THAT THE STANDARDS
OF PARA 11:4 WOULD APPLY. THESE APPLY EQUALLY TO NEGOTIATIONS
OR CONSULTATIONS UNDER ART 4. NOTE: WE INFORMED BY GATT
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SECRETARIAT THAT THIS REFERS TO COMPROMISE REACHED BETWEEN EC AND

JAPAN, KOREA, HONG KONG, INDIA AND YUGOSLAVIA.) (C) RE ARTICLE 1, AND PARA 2, AND ANNEX B, PARA 2, THE TERM "MINIMUM VIABLE PRODUCTION" REFERRING TO SMALL MARKETS WITH HIGH IMPORT PENETRATION, SWEDEN FEELS THIS MEANS ALSO THAT MINIMUM PRODUCTION

CAPACITY CAN BE MAINTAINED IN CASE OF EMERGENCY. (D) ED SAID TEXTILE SURVEILLANCE BODY HAD TASK OF MAKING RECOMMENDATIONS TO ONE OR MORE PARTIES UPON REQUEST AND DID NOT HAVE RIGHT TO INITIATE THESE PROCEDURES. ALSO, EC SAID THAT IN ACCORDANCE TREATY OF IRELAND ACCESSION, CERTAIN QRS COULD BE MAINTAINED BY IRELAND UNTIL 30 JUNE 1977. (JAPAN ASKED THAT GOJ VIEWS ON THIS LATTER SUBJECT IN NEGOTIATING GROUP BE CONSIDERED AS RE-STATED IN COUNCIL).

2. ARGENTINA SAID IT DID NOT WISH RE-OPEN SUBSTANCE AND COULD BE CONTENT HAVE COUNCIL MINISTERS RECORD ITS VIEW THAT INCLUSION OF TOPS WENT BEYOND TERMS OF REFERENCE OF NEGOTIATING GROUP SINCE TOPS HAVE NOT GIVEN RISE TO TRADE PROBLEMS AND WERE NOT COVERED BY GATT WP REPORT ON TEXTILES WHICH PRECEDED ESTABLISHMENT OF NEGOTIATING GROUP. (NOTE: WE UNDERSTAND DISCUSSION OF TOPS CAME LATE IN NEGOTIATIONS, AND ARGENTINA MADE UNSUCCESSFUL BID TO ELIMINATE THIS SUBJECT FROM CONSIDERATION).

3. COUNCIL CHAIRMAN (LAI) COMMENDED DG FOR HIS WORK ON TEXTILE AGREEMENT, AND COUNCIL THEN ADOPTED DOCUMENT L/3981. AFTER ADOPTION, US REP (CULBERT) ASSOCIATED US WITH CHAIRMAN'S COMPLIMENT TO DG.

4. URUGUAY THEN (AFTER REPORT ALREADY ADOPTED) RAISED QUESTION WHETHER APPROVAL OF REPORT MEANT APPROVAL OF TEXTILE AGREEMENT BY CPS. CHAIRMAN AND DG DUCKED QUESTION BY SAYING ARRANGEMENT IS OPEN TO COUNTRIES WHICH INTEND TO PARTICIPATE. THIS DID NOT SATISFY URUGUAY REP, WHO ASKED WHETHER GATT GIVING APPROVAL NOW; SAID ONCE ADOPTED, IT WOULD ESTABLISH A SET OF NORMS, SOME OF WHICH ARE CONTRARY TO RULES OF GENERAL AGREEMENT ITSELF. CHAIRMAN SAID IT IS UP TO EACH COUNTRY TO MAKE ITS OWN DECISION WHETHER TO ACCEPT THE ARRANGEMENT AND SAID URUGUAY STATEMENT WOULD BE IN RECORD.

5. PROBLEM OF DG'S INTERPRETATION OF WHEN 60-DAY PERIOD STARTS FOR PURPOSES OF ARTICLE 2, PARA 1, DID NOT ARISE. WE UNDERSTAND EC LIMITED OFFICIAL USE

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AND SOME OTHERS WILL WRITE DG EXPRESSING THEIR DISAGREEMENT. WHETHER THIS WILL LEAD TO AN EARLIER MEETING OF TEXTILE COMMITTEE REMAINS TO BE SEEN.BASSIN

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